

Message Text

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60

ACTION COME-00

INFO OCT-01 NEA-11 ISO-00 EB-11 TRSE-00 L-03 CIAE-00

INR-10 NSAE-00 RSC-01 EUR-25 ABF-01 OMB-01 STR-08

SPC-03 OPIC-12 XMB-07 DRC-01 /095 W

----- 036443

R 011210Z FEB 74

FM AMEMBASSY NEW DELHI

TO SECSTATE WASHDC 9441

INFO AMCONSUL BOMBAY

C O N F I D E N T I A L NEW DELHI 1647

E.O.: 211652: GDS

TAGS: BEXP, IN

SUBJECT: IMPOUNDED US CORPORATE FUNDS IN INDIAN BANKS

REF: STATE 11822

1. WE'RE NOT QUITE SURE WHAT REFTEL HAS IN MIND BY "IMPOUNDED" FUNDS, BUT THEY ARE NOT VERY BIG BY AN DEFINITION. MPEAA HAS HAD ABOUT RS. 50 MILLION BLOCKED, BUT THIS PROBLEM SEEMS ON WAY TO BEING RESOLVED TO SATISFACTION OF MPEAA. AMERICAN AIRLINE COMPANIES ALWAYS HAVE SOME FUNDS TEMPORARILY BLOCKED IN REMITTANCE DISPUTES; PAN AM HAS ABOUT RS. 2.8 MILLION TIED UP IN THIS FASHION AT PRESENT. A LARGE PROPORTION OF THIS MONEY WILL EVENTUALLY BE REMITTED OR SPENT LOCALLY.

2. ON IDEA IN PARA. 2 OF REFTEL, WE WOULD LIKE TO CAUTION THAT SUBJECT OF SWITCH TRADE AND REVERSE SWITCH, (BY WHICH GOODS OF HARD-CURRENCY COUNTRY ORIGIN REACH INDIA VIA EAST EUROPE UNDER RUPEE PAYMENT ARRANGEMENTS) IS ONE OF GREAT SENSITIVITY. INDIANS STRONGLY OBJECT TO RE-EXPORT OF INDIAN GOODS BY EAST EUROPEANS AND MAKE NO SECRET OF IT. REVERSE SWITCH DEALS OFTEN INVOLVE PHONY DOCUMENTATION OF ORIGIN WITH VIOLATION OF INDIAN CUSTOMS REGULATIONS. US FIRMS MIGHT BE INTERESTED IN SWITCH DEALS AS WAY OF GETTING SOME USE OUT OF RUPEES THEY CAN'T CONVERT, BUT US GOVERNMENT, IT SEEMS TO US, SHOULD STEER FAR
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CLEAR.

SCHNEIDER

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NNN

Message Attributes

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Concepts: n/a
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Draft Date: 01 FEB 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: golinofr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Executive Order: GS
Errors: N/A
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Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
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Review Exemptions: n/a
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30 JUN 2005

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